



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

Honorable Robert N. C. Nix
Chairman, Post Office and Civil
Service Committee
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This is in response to your request of November 23, 1977 for the views of this Office on H.R. 4620, a bill "To amend title 5, United States Code, to provide special allowances to certain physicians employed by the United States in order to enhance the recruitment and retention of such physicians."

H.R. 4620 would provide, on a permanent basis, bonuses of up to \$10,000 annually to Federal civilian physicians not now eligible for them. Under current law, physicians in the uniformed services receive temporary variable incentive pay under P.L. 93-274. Physicians in the Department of Medicine and Surgery of the Veterans Administration receive temporary special pay under P.L. 94-123. The authority for these temporary bonuses - which was enacted to aid in physician recruitment and retention - expires on September 30, 1978.

H.R. 4620 would authorize permanent bonuses to physicians paid under the General Schedule and to physicians paid under other pay schedules, i.e., Foreign Service, Postal Service, Panama Canal Zone Government, Tennessee Valley Authority and Energy Research and Development Administration, Central Intelligence Agency and others.

We are currently working with the Civil Service Commission, the Department of Defense, the Department of Health, Education, and Welfare, the Veterans Administration, and other Federal agencies to develop long-range recommendations for physician compensation in the context of recommendations on civilian pay generally and those of the President's Commission on Military Compensation.

The permanent character of H.R. 4620 is inconsistent with these efforts. In addition, H.R. 4620 would authorize bonuses for agencies which have not demonstrated

serious physician recruitment and retention problems. Accordingly, we do not favor enactment of H.R. 4620.

However, if the Committee feels that there is a pressing need for interim legislation, pending the development of Administration recommendations, we believe H.R. 4620 would be less objectionable if modified along lines which would:

- provide the authority to pay bonuses only to those categories of physicians for which there is a demonstrated recruitment and retention problem, consistent with the rationale underlying bonus authorities now provided to other agencies.

- make the authority temporary.

- make bonuses up to the proposed \$10,000 amount discretionary (rather than providing mandatory base amounts as proposed in H.R. 4620) so they can be tailored to the different situations facing each agency.

- provide that the regulations governing physician bonuses shall be subject to Presidential review and approval, and that the bonus system be audited by the Civil Service Commission.

If the Committee wishes to consider H.R. 4620 further, the Administration, through the Civil Service Commission, will be glad to cooperate in working on these modifications.

Sincerely,

James M. Frey
Assistant Director for
Legislative Reference